



**FY 2016-17**

**Proposed Budget Development  
Challenges and Choices**

**May 3, 2016**





# FY 2016-17 Proposed Budget Development Challenges and Choices

## **Requested Actions**

Receive an update on the FY 2016-17 Proposed Budget development process as it relates to priority initiatives and funding requirements; and provide any necessary direction to staff.

## **Presentation Outline**

- FY 2016-17 Budget Development Process
- Priority / Initiative Areas – 10 Topics
  - Supplemental Requests – Recommended / To Be Considered
- Questions





# FY 2016-17 Proposed Budget Development Challenges and Choices

## FY 2016-17 Budget Development Process

- January 2016 – Priorities Workshop
- March 2016 – FY 2015-16 Mid-Year Fiscal Update
- May 2016 – Challenges and Choices
- June 2016 – FY 2016-17 Proposed Budget



# FY 2016-17 Proposed Budget Development Challenges and Choices

## FY 2016-17 Budget Development Process – Discretionary General Fund

	Anticipated Carryover Fund Balance / Reserves	Base Budget Funding Requirements (NCC)	Budget Resources Remaining After Base	Anticipated Recommended Supplemental Requests	Budget Resources Remaining After Supplemental Requests
General Fund (GF)	\$21,800,000	\$8,200,000	\$13,600,000	\$1,400,000	\$12,200,000
Public Safety Fund (PSF)	\$3,300,000 \$3,100,000	\$10,100,000	(\$3,700,000)	\$6,600,000	(\$10,300,000)
<b>Total – GF + PSF</b>	<b>\$28,200,000</b>	<b>\$18,300,000</b>	<b>\$9,900,000</b>	<b>\$8,000,000</b>	<b>\$1,900,000</b>

### Key Points:

- Limited discretionary funding available for full array of supplemental requests.
- Costs associated with mandated or required services / dedicated revenue streams.
- Includes modest increases for certain cost drivers – cost of doing business.

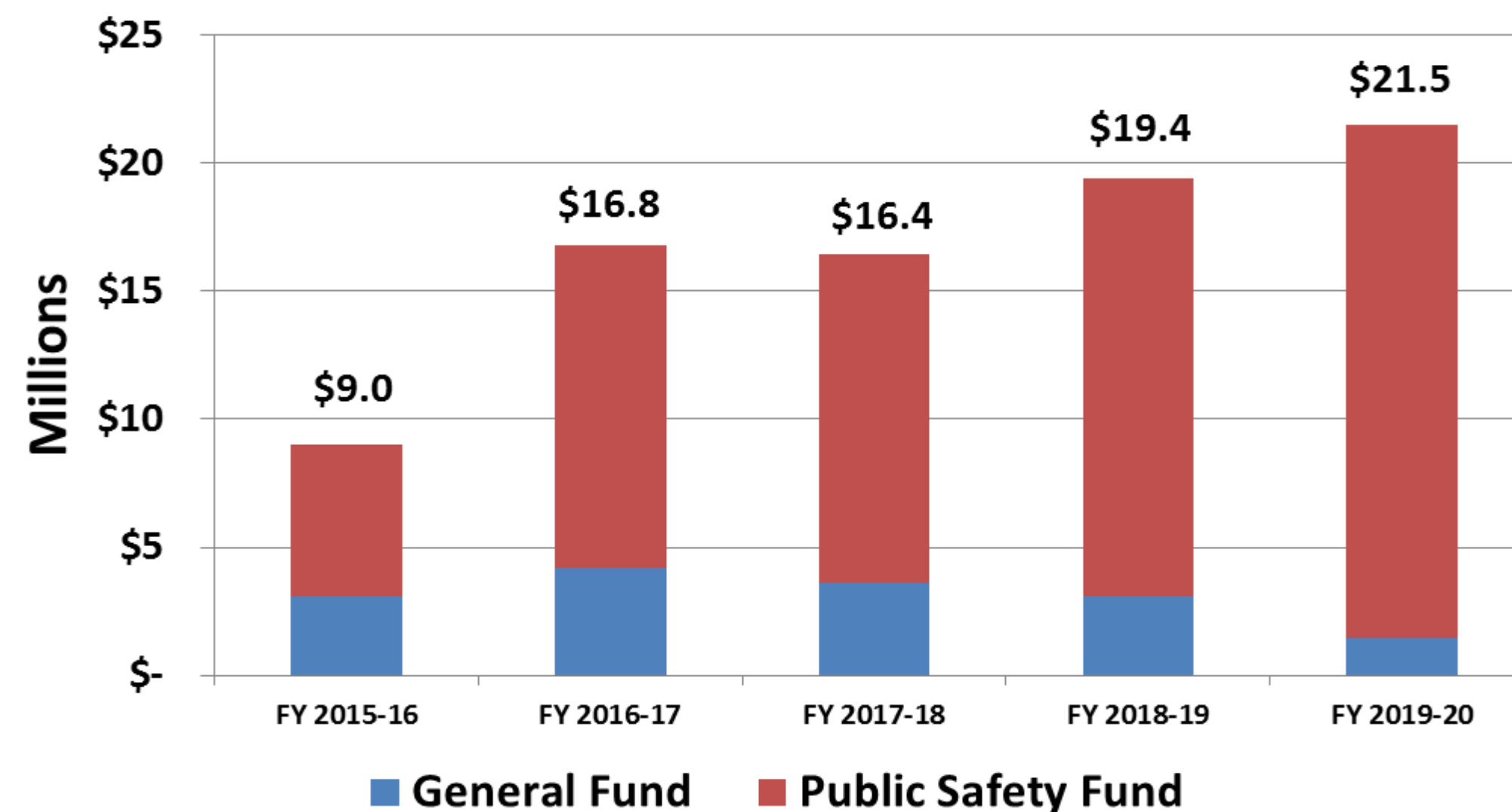




# FY 2016-17 Proposed Budget Development Challenges and Choices

## FY 2016-17 Budget Development Process – Discretionary General Fund

**Carryover Fund Balance Requirements - 5 Year Model**



**General Fund Discretionary Contribution to Other Funds**

All figures stated in (\$000's)	FY 2015-16 Discretionary Base	FY 2015-16 Add'l Contribution	FY 2015-16 Total Discretionary Contribution	FY 2016-17 Amount Included in Base Budget
Road Fund	\$ 3,771	\$ 2,000	\$ 5,771	\$ 3,771
Capital Fund	4,500	6,750	11,250	4,500
Open Space Fund	-	1,000	1,000	-
Library Fund	593	400	993	593
Fire Fund	1,098	-	1,098	1,098
Debt Service Fund	3,238	-	3,238	3,417
<b>Total(s)</b>	<b>\$ 13,200</b>	<b>\$ 10,150</b>	<b>\$ 23,350</b>	<b>\$ 13,379</b>

### Key Points:

- Carryover Fund Balance amounts noted above represent estimated amount required to fund existing levels of service
- FY 2016-17 contributions from General Fund to other funds are part of the Carryover Fund Balance Requirements noted above (e.g. the \$13.4 million included in base is part of the \$16.8 million carryover requirement)



# FY 2016-17 Proposed Budget Development Challenges and Choices

## Priority / Initiative Areas

- Criminal Justice Master Plan Implementation
- Public Safety Support
- Homelessness / Affordable Housing
- Medical Marijuana
- Capital Facilities Financing Plan / Infrastructure Development
- Environmental Sustainability
- Placer County Library System Planning
- Placer County Fire Funding Sustainability
- Financial System Replacement
- Post-Employment Liabilities





# FY 2016-17 Proposed Budget Development Challenges and Choices

## Criminal Justice Master Plan

	<i>FY 2015-16 Final Budget</i>	<i>FY 2016-17 Recommended</i>	<i>FY 2016-17 To be Considered</i>	<i>FY 2016-17 Total Consideration</i>
<i>Criminal Justice Master Plan Implementation</i>	\$1,477,447	\$2,300,000	\$2,100,000	\$4,400,000

### **Policy Considerations:**

- Continue cost analysis for a Crime Lab and Coroner's Facility.
- Expand South Placer Adult Correctional Facility for planned opening of remaining 180 beds.
- Expand Booking Station.
- Construct grant funded Acute Mental Health Facility.

### **Fiscal Considerations / Recommendations:**

- Build updated Capital Facilities Financing Plan with Crime Lab and Coroner's Facility recommendations for further Board consideration in July 2016.
- Provide funding for planned SPACF opening and Booking Station of \$2.3 million.
- Develop funding solution for Acute Mental Health grant match of \$2.1 million.





# FY 2016-17 Proposed Budget Development Challenges and Choices

## Public Safety Support

	<i>FY 2015-16 Final Budget</i>	<i>FY 2016-17 Recommended</i>	<i>FY 2016-17 To be Considered</i>	<i>FY 2016-17 Total Consideration</i>
<i>Public Safety Support</i>	\$ -	\$4,200,000	\$ -	\$4,200,000

### **Policy Considerations:**

- Prepare for Procurement results of Primary Indigent Defense contract proposals.
- Maintain public safety automation systems and technology options for inmate tracking and data collection.

### **Fiscal Considerations:**

- Provide discretionary funding placeholder of \$1.1 million for Indigent Defense costs.
- Utilize Public Safety Fund Reserves of \$3.1 million to fund automated system implementations.

### **Recommendations / Alternatives:**

- Plan for Indigent Defense contract costs not yet known.
- Enhanced automation using one-time cancellation of reserves.



# FY 2016-17 Proposed Budget Development Challenges and Choices

## Homelessness / Affordable Housing

	<i>FY 2015-16 Final Budget</i>	<i>FY 2016-17 Recommended</i>	<i>FY 2016-17 To be Considered</i>	<i>FY 2016-17 Total Consideration</i>
<i>Homelessness / Affordable Housing</i>	\$82,660	\$ -	\$1,200,000	\$1,200,000

### **Policy Considerations:**

- Develop long-term solutions for the emergency shelter and affordable housing.
- Define solutions to address subject matter in the short-term.

### **Fiscal Considerations:**

- Consider staffing and operational costs of \$1.2 million for Sheriff, Probation, and Health and Human Services.
- Consider funding request from the Gathering Inn of \$150k.

### **Recommendations / Alternatives:**

- Continue exploring potential solutions to homelessness consistent with Marbut Study.





# FY 2016-17 Proposed Budget Development Challenges and Choices

## Medical Marijuana

	<i>FY 2015-16 Final Budget</i>	<i>FY 2016-17 Recommended</i>	<i>FY 2016-17 To be Considered</i>	<i>FY 2016-17 Total Consideration</i>
<i>Medical Marijuana</i>	\$ -	\$ -	\$1,178,000	\$1,178,000

### **Policy Considerations:**

- Development of regulatory framework underway.
- County enforcement cost considerations.

### **Fiscal Considerations:**

- Continue evaluating potential enforcement costs of \$1.2 million / cost recovery.

### **Recommendations / Alternatives:**

- To be determined by Board direction.



# FY 2016-17 Proposed Budget Development Challenges and Choices

## Capital Facilities Financing Plan / Infrastructure Development

	<i>FY 2015-16 Final Budget</i>	<i>FY 2016-17 Recommended</i>	<i>FY 2016-17 To be Considered</i>	<i>FY 2016-17 Total Consideration</i>
<i>Capital Facilities Financing Plan - Infrastructure Development</i>	\$13,050,000	\$8,300,000	\$4,400,000	\$12,700,000

### **Policy Considerations:**

- Maintain discretionary revenues of \$8.3 million for capital and road fund projects at base levels.

### **Fiscal Considerations:**

- Update the Capital Facilities Financing Plan – *tentatively July 2016*.
- Leverage debt financing and other discretionary revenues (e.g. RPTTF) for infrastructure.

### **Recommendations / Alternatives:**

- Focus on long-term funding solutions for major capital investments.
- Ensure major maintenance funding to protect existing assets and consider allocating additional \$4.4 million at Final Budget.



# FY 2016-17 Proposed Budget Development Challenges and Choices

## Environmental Sustainability

	<i>FY 2015-16 Final Budget</i>	<i>FY 2016-17 Recommended</i>	<i>FY 2016-17 To be Considered</i>	<i>FY 2016-17 Total Consideration</i>
<i>Environmental Sustainability</i>	\$1,000,000	\$ -	\$1,925,000	\$1,925,000

### **Policy Considerations:**

- Finalizing the Placer County Conservation Plan (PCCP) requires discretionary funding in the short-term to avoid delays in implementation.
- Preservation of space consistent with Placer Legacy Program.

### **Fiscal Considerations:**

- Fund PCCP costs of \$925k for final stages of a final plan.
- Maintain Open Space contribution of \$1 million to fund PCCP 'credits' as next step.

### **Recommendations / Alternatives:**

- Continue to finalize PCCP.
- Consider Open Space contribution at Final Budget.





# FY 2016-17 Proposed Budget Development Challenges and Choices

## Library System Planning

	<i>FY 2015-16 Final Budget</i>	<i>FY 2016-17 Recommended</i>	<i>FY 2016-17 To be Considered</i>	<i>FY 2016-17 Total Consideration</i>
<i>Placer County Library System Planning</i>	\$400,000	\$275,000	\$413,000	\$688,000

### **Policy Considerations:**

- Continue implementation of the Library Strategic Plan.

### **Fiscal Considerations:**

- Continued reliance on carryover fund balance / cancellation of reserves to balance budget
- Costs to continue implementation of Library Strategic Plan

### **Recommendations / Alternatives:**

- Provide discretionary funding increase of \$275k for unavoidable Library cost drivers (materials / A87).
- Closure of Meadow Vista and Loomis branches to be recommended with Proposed Budget.



# FY 2016-17 Proposed Budget Development Challenges and Choices

## Fire Funding Sustainability

	<i>FY 2015-16 Final Budget</i>	<i>FY 2016-17 Recommended</i>	<i>FY 2016-17 To be Considered</i>	<i>FY 2016-17 Total Consideration</i>
<i>Placer County Fire Funding Sustainability</i>	\$1,098,000	\$1,098,000	\$ -	\$ -

### **Policy Considerations:**

- Implementation support for Fire Services Consolidation effort.
- Ability for each Zone of Benefit to remain fiscally sustainable.

### **Fiscal Considerations:**

- Monitor / Adjust use of carryover fund balance and use of reserves as a solution for funding.
- Consider CalFIRE contract increase impacts into the future.

### **Recommendations / Alternatives:**

- Continue base level discretionary funding of \$1.1 million to maintain fire services.
- Provide 3<sup>rd</sup> Battalion Chief for North Auburn Ophir Fire District – support rapid response.
- Maintain equipment replacement plan.





# FY 2016-17 Proposed Budget Development Challenges and Choices

## Financial System Replacement

	<i>FY 2015-16 Final Budget</i>	<i>FY 2016-17 Recommended</i>	<i>FY 2016-17 To be Considered</i>	<i>FY 2016-17 Total Consideration</i>
<i>Financial System Replacement</i>	\$750,000	\$750,000	\$ -	\$750,000

### **Policy Considerations:**

- Current financial system limitations, increasing costs, and vendor sustainability create the need for system replacement.
- Continue progress to explore more efficient and economical technology solutions.

### **Fiscal Considerations:**

- Continue \$750k of annual discretionary funding strategy for User Departments to pay ahead.
- Plan for future year costs to acquire and implement new solution.

### **Recommendations / Alternatives:**

- Continue evaluating alternative funding options and sources.





# FY 2016-17 Proposed Budget Development Challenges and Choices

## Post-Employment Liabilities

	<i>FY 2015-16 Final Budget</i>	<i>FY 2016-17 Recommended</i>	<i>FY 2016-17 To be Considered</i>	<i>FY 2016-17 Total Consideration</i>
<i>Post-Employment Liabilities</i>	\$5,800,000	\$ -	\$ -	\$ -

### **Policy Considerations:**

- Continue commitment to fully fund the annual required contribution (ARC).

### **Fiscal Considerations:**

- No additional set-asides are currently recommended.
- Consider establishing Irrevocable Supplemental (IRS §115) Trust for pension plans.

### **Recommendations / Alternatives:**

- Review capacity to fund additional set-aside of funding at Final Budget.
- Evaluate alternatives to one-time contributions to OPEB and CalPERS Retirement plans, collectively.



# FY 2016-17 Proposed Budget Development Challenges and Choices

**Questions / Comments**





